

Message Text

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ACTION EA-09

INFO OCT-01 EUR-12 ISO-00 DHA-02 AID-05 CIAE-00 COME-00

EB-08 FRB-03 INR-07 NSAE-00 USIA-06 TRSE-00 XMB-02

OPIC-03 SP-02 CIEP-01 LAB-04 SIL-01 OMB-01 /067 W

-----111046Z 006094 /13

R 110930Z FEB 77

FM AMEMBASSY VIENTIANE

TO SECSTATE WASHDC 7708

INFO AMEMBASSY BANGKOK

AMEMBASSY BERLIN

AMEMBASSY BONN

AMEMBASSY THE HAGUE

AMEMBASSY HELSINKI

AMEMBASSY PARIS

AMCONSUL HONG KONG

CINCPAC FOR POLAD

C O N F I D E N T I A L VIENTIANE 0289

E.O. 11652: GDS

TAGS: PGOV EAID ECON SHUM VN GW NL FIGE

SUBJECT: CONVERSATION WITH WEST GERMAN CHARGE FROM HANOI

REF BONN 02582

1. W. SCHUNDAU, WEST GERMAN CHARGE IN HANOI FROM
DECEMBER 1976 TO FEBRUARY 1977, MADE FOLLOWING COMMENTS
TO EMBOFF FEBRUARY 8 ABOUT POLITICAL AND ECONOMIC CON-
DITIONS IN THE SRV AND AID PROGRAMS TO THE SRV THAT ARE
EITHER UNDER WAY OR UNDER DISCUSSION.

2. HE SAID THAT THERE ARE TWO FACTIONS WITHIN THE VCP
POLITBURO DIVIDED ALONG PRAGMATIC AND IDEOLOGICAL LINES.
PRAGMATIC FACTION IS REPORTEDLY LED BY LE DUAN WHILE
THE "TOUGHER" IDEOLOGICAL FACTION IS LED BY PHAM VAN
DONG. SCHUNDAU DID NOT KNOW THE COMPOSITION OF THE TWO
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FACTIONS THOUGH HE SAID THAT OF THE FOUR NEW POLITBURO
MEMBERS ANNOUNCED IN DECEMBER, TWO WERE "PRAGMATISTS"
AND TWO WERE "IDEOLOGUES". SCHUNDAU SAID THAT A POINT
OF CONTENTION BETWEEN THE TWO SIDES HAS BEEN THE NEW
INVESTMENT CODE FOR FOREIGN BUSINESS WHICH HAS YET TO
APPEAR.

3. SCHUNDAU SAID THAT HE HAD RECENTLY TALKED TO WORLD BANK OFFICIALS CURRENTLY VISITING THE SRV TO DISCUSS A BANK LOAN. OFFICIAL NAMED HAWKINS SAID THAT VIETNAMESE RELUCTANCE TO SUPPLY DATA WAS SERIOUSLY HAMPERING THE TEAM'S WORK AND THEREFORE HE FELT THAT NO BANK ASSISTANCE WOULD BE AVAILABLE TO THE SRV FOR AT LEAST ONE YEAR. HAWKINS ALSO SAID THAT BASED ON DATA HE HAD SEEN THE SRV WOULD QUALIFY FOR AN IDA LOAN AS ONE OF THE 25 POOREST COUNTRIES IN THE WORLD.

4. SCHUNDAU SAID THAT THE SRV'S TWO PRIMARY ECONOMIC PROBLEMS ARE EXTREMELY LOW FOREIGN EXCHANGE RESERVES AND MASSIVE UNEMPLOYMENT OF UP TO TWO AND ONE HALF MILLION PEOPLE. A WEST GERMAN COLLEAGUE WHO TRAVELED IN THE SOUTH IN DECEMBER REPORTED THAT ECONOMIC CONDITIONS IN SOUTHERN VIET NAM WERE BAD. HE SAID GASOLINE SOLD AT U.S. \$3 PER LITER, EXPLAINING THAT DOLLARS WERE COMMONLY USED IN THE SOUTH. HE ALSO NOTED THAT "NORTHERN DONG" WAS OFFICIALLY EXCHANGED FOR "SOUTHERN DONG" AT RATE OF ONE NORTHERN DONG FOR 0.82 SOUTHERN DONG.

5. SCHUNDAU SAID THAT HIS GOVERNMENT WAS CONSIDERING A 40 MILLION DOLLAR LOAN TO THE SRV BUT IS AWAITING SRV-WEST GERMAN DISCUSSIONS REGARDING AN OUTSTANDING GVN DEBT TO WEST GERMANY OF U.S. \$70 MILLION. (ADALBERT RITTMUELLER, WEST GERMAN THIRD SECRETARY IN VIENTIANE, TOLD POL OFF FEBRUARY 8 THAT SCHUNDAU INFORMED HIM THAT VIETNAMESE HAD CALLED IN SCHUNDAU RECENTLY TO DEMAND THAT THE FRG PROVIDE AID QUICKLY).
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6. SCHUNDAU SAID THAT THE DUTCH GOVERNMENT IS PREPARING TO GRANT A LOAN OF 50 MILLION GULDERS AND THAT THE FINNS HAVE BEGUN CONSTRUCTION OF A CEMENT PLANT IN THE PORT OF HAIPHONG.

7. SCHUNDAU SAID THAT THERE WERE APPROXIMATELY 1,500 EAST GERMANS IN THE SRV.

8. HE ALSO NOTED THAT THE ORIGINAL ITINERARY FOR DEPUTY PRIME MINISTER NGUYEN CO THACH'S RECENT VISIT TO EUROPE HAD INCLUDED A STOP IN LONDON BUT THAT THIS HAD BEEN CANCELLED BY THE VIETNAMESE SHORTLY BEFORE THACH LEFT HANOI.

9. SCHUNDAU IS RETURNING TO HONG KONG WHERE HE IS WEST GERMAN CONSUL GENERAL.
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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
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Control Number: n/a
Copy: SINGLE
Sent Date: 11-Feb-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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Executive Order: GS
Errors: N/A
Expiration:
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Format: TEL
From: VIENTIANE
Handling Restrictions: n/a
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ISecure: 1
Legacy Key: link1977/newtext/t19770247/aaaabqcu.tel
Line Count: 115
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Litigation Codes:
Litigation History:
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